

# League for Socialist Action/ Ligue Socialiste Ouvrière

## Discussion Bulletin 1972

### Contents

#### CANADA AND THE CRISIS OF WORLD IMPERIALISM

This resolution is submitted to the Convention  
by the Political Committee.

#### Internationalized Production and National States -- A Contradiction World Imperialism

Capitalism is an economic system of restless expansion, of the  
incessant search for new markets for production, new fields for in-  
vestment, and new sources of raw materials. The opening up of a new  
wave of capitalist expansion after 1945, sometimes called the third  
industrial revolution, set loose in turn a new drive towards the ex-  
pansion of the world capitalist market and of the world division of  
labor.

Imperialist investment has not played the defensive of the fast-  
growing economies of the Third World. The predominant form of in-  
ternational expansion has been the interpenetration of trade and in-  
vestment among the imperialist powers. These developments have pro-  
found implications for Canada, and constitute the main objective pro-  
cess underlying the present debate on Canada's relationship to U.S.  
and world imperialism.

Number 17

November 1972

Price 75 cents

For Internal Circulation Only

# CANADA AND THE CRISIS OF WORLD IMPERIALISM

(From LSA/LSO DB 17 - 1972 -- By the PC)

1. The past decade has been marked by a growing instability and crisis in the world imperialist system. The extended post-war expansion of capitalism has flagged. Long-standing economic accords have ceased to function efficiently; previous economic and political alignments have become unhinged; the painfully constructed world monetary structure is in shambles. A simultaneous rise of class struggles and of inter-imperialist competition has challenged bourgeois stability in each country.

Canada has proven particularly vulnerable to the growing instability of world imperialism. A wide-ranging debate has opened up in the bourgeoisie, and also in the left and the working class movement, over the problems flowing from Canada's place in the world imperialist system, a debate usually posed, incorrectly, as concerning the problem of "U.S. domination". A correct orientation on this question is vital to the building of the revolutionary socialist vanguard, and to its correct orientation to the class struggle.

This resolution will outline the present situation of Canadian capitalism in the world imperialist system, discuss the questions this relationship poses to the working class movement, and examine the tasks that result for the revolutionary vanguard. Such an analysis must begin by identifying the main tendencies of imperialism operating on an international level, which set the framework for the particular problems of Canadian capitalism today.

## **Internationalized Production and National States -- A Contradiction of World Imperialism**

2. Capitalism is an economic system of restless expansion, of the ceaseless search for new markets for production, new fields for investment, and new sources of raw materials. The opening up of a new wave of capitalist expansion after 1945, sometimes called the third industrial revolution, set loose in turn a new drive towards the extension of the world capitalist market and of the world division of labor.

Imperialist investment has not pierced the defenses of the fast-growing economies of the workers states. The colonial and semi-colonial-world, apart from resource industries, has offered only limited opportunities for profitable investment. The predominant form of international expansion has been the interpenetration of trade and investment among the imperialist powers. These developments have profound implications for Canada, and constitute the main objective process underlying the present debate on Canada's relationship to U.S. and world imperialism.

3. Postwar capitalism has been characterized by a vast expansion of inter-imperialist trade increasing not only absolutely but as a proportion of total production. Furthermore, imperialist corporations have multiplied their investments in countries outside their main base of operations. U.S. corporate investment in Western Europe, Canada and Japan, for example, has increased from \$7 billion to \$60 billion between 1949 and 1965. (Ernest Mandel, *Europe vs. America*, p. 13)

A new wave of concentration of capital has produced a world market dominated by corporate giants with yearly turnovers in the billions of dollars. Their expansion on a world scale, combined with the frequent fusions or alignments of monopolies based in different countries seeking to establish more competitive units, has led to the domination of the world market by monopolies with ownership rooted as a rule in one country, but with wide investments and widely scattered production across the imperialist world -- the inaccurately termed "multi-national corporations".

Increasing trade, international investment, and the rise of "multi-national" monopolies have all exacerbated inter-imperialist competition, a competition particularly fierce since the ebbing of the long post-war expansion in the late 1960s. Evident in fierce competition of international monopolies and in the rapid international concentration of capital, this competition has also

deepened among the national capitalist economies, reflected both in the drive towards new international alignments like the European Common Market, and in the rise of "economic nationalism" such as that of the protectionist policies of the Nixon government in the U.S.

4. Both the internationalization of production, and increasing international competition have challenged the self-sufficiency and stability of national capitalisms, particularly those of countries like Canada which are more dependent on world trade. In self-defense, imperialist powers have worked to elaborate closer trade alliances and agreements, international trading blocks, and delicately elaborated world monetary accords. This process has been carried furthest in the European Common Market. Substantial continental economic integration in North America is another example as is generalized negotiations for international tariff reductions and monetary accords.

But an equally central feature of modern capitalism is increased dependence on the intervention of the national state. It has assumed the role of guarantor of the profits of the great monopolies, both through various forms of subsidy, and through its means of control of the economy. It plays a new role of economic regulation through monetary and fiscal policy, engineering doses of inflation and unemployment required to keep the corporations in the black. It intervenes with growing directness in the daily life of the class struggle to shore up monopolists under attacks, through repressive measures ranging from interference in individual strike struggles to generalized wage controls. Further, it has an increased role as protector of national capitalism against the tides of international competition.

Ernest Mandel has described this fundamental contradiction of world capitalism, as it finds expression in Europe, in the following terms: "The divided soul of the contemporary capitalist -- on the one hand world citizen, on the other hardened nationalist and proponent of a 'Europe of Nations' -- corresponds to the quite concrete contradiction between the objective tendencies of economic development, the increasing necessity for the productive forces to adjust to

-3-

the violent technological changes resulting from international capital interpenetration, and the social relationships as a whole which render the very survival of capital increasingly dependent on direct state intervention." (*Europe vs. America* 9 p. 57)

X -X- X

### **The National State - Indispensable Instrument of Bourgeois Rule**

5. The development of the European Common Market has aroused speculation that it may be the embryo of a new pan-European state structure. The establishment of a Common Market currency, much discussed, would pose this question, as it would require the establishment of a governmental structure to regulate it. To be effective the latter would have to be able to intervene in defense of the European currency in the economic life and class struggle of the Common Market's national components. Will this be the beginning of the assimilation of these national components into a pan-European super-state?

Is the Canadian capitalist class becoming so assimilated into the continental framework that it will soon have no properly "national" interests requiring the defense of the Canadian state -- with the result that Ottawa would become only a puppet regime for the commonly worked-out policies of an integrated continental ruling class?

These speculations flow from a general question of no little importance. Will the international penetration of capital proceed to the point where the decisive layers of the bourgeoisie in each country no longer find the national state to be an adequate instrument for their protection? Will it proceed to the point where these layers no longer have any particular concentration of their investment in the nation of their origin, and thus have no "national" interests left to defend? If this were the case, the international monopolies would mount pressure for the establishment of new, supra-national state forms, and for the political integration of smaller imperialist powers into their more powerful neighbors.

It would be premature to give a final and long-range response to this question. We should note, however, that never to this day has a national bourgeoisie lost or given up control of its nation state except where defeated through war or revolution. Nor is there any sign that this qualitative turning point is yet in view in any country. Nor is any mechanism evident through which such a change could take place on a gradual basis. On the contrary, all evidence points to the bourgeoisie's continuing reliance on the national state -- that capitalism is unable to jump out of its national skin, even to form continental unions, let alone fuse on a world scale.

Despite rising international investment, the capitalist class which controls each national state retains its decisive holdings within the jurisdiction of that state. As long as this remains true, they will cling to the national state to defend these holdings against all competition. Canadian direct investment in the U.S., for example, reached over \$2-billion in 1967. This remained only a small fraction of the holdings of Canadian monopolies in Canada itself; it would represent only 4 of the assets of Canada's banks. The national bourgeoisies fear leaving their state-fortresses, which they have painstakingly constructed, know intimately, and whose weapons they can wield with skill and confidence, for the shelter of the unknown and uncertain framework of new state forms.

The rise of world revolution, which noisily announced its return to the imperialist heartland in May 1968, introduces a powerful political consideration. A period of mounting challenges to capitalist rule, a period in which the workers states have proven the viability of another form of economic organization -- this is no time to launch hazardous experiments which infringe on the authority and power of the existing national state. Further, the imperialist giants like the U.S. have every reason to shore up the stability of the state structures of their weaker rivals.

Third, the specter of an international economic downturn, in a period of increasing international competition, tends to force the bourgeoisie back into its national ramparts, striking out with protectionist measures to protect its markets. In this way Nixon's "new economic policy" is a rude shock to believers in harmonious North American economic integration, or in trans-Atlantic imperialist harmony.

All evidence testifies to the inability of capitalism to surmount the contradiction between the growing international division of labour and internationalization of production, and its continuing and growing reliance on the power of the national state. This contradiction is the reflection, on a world scale, of the fundamental contradiction between the increasing socialization of production and continuing private ownership of the means of production.

This contradiction has quite tangible and unpleasant results for the capitalists of each country, particularly of highly trade-dependent countries like Canada -- results whose costs they are quick to try to pass on to the working class.

6. This contradiction has produced problems in different forms for the various national bourgeoisies. The "Commonwealth", for example, has been broken apart by rapid shift in the relationship of forces and weakening of British imperialism. British imperialism has sought to reorient itself to the Common Market, and other "Commonwealth" members have looked for new orientations as best they could. With the rise of the Japanese competition with U.S. capitalism, both Japan and the U.S. have been balancing the wisdom of protectionist measures against foreign competition with the concept of an aggressive orientation to conquer foreign markets. The smaller imperialist powers (in the case of Canada, a rather substantial imperialist power over-shadowed by a mighty neighbour, have had to seek some shelter from international competition, by searching for international associations which could widen the markets accessible to national industry. The smaller imperialist nations of Europe, Australia and New Zealand, and Canada, have been confronted with the same dilemma in different guises.

7. In imperialism's economic wars, as in its military conflicts, the working class provides the cannon fodder. The working class bears the brunt of recessions, economic dislocation, unemployment, and anti-labor drives which result from the crisis of imperialism.

The revolutionary vanguard must propose a program to defend the working class against all attacks on its interests, including those attacks flowing out of inter-imperialist economic wars. This program is not directed against the imperialist power, however strong, that is portrayed by the bourgeoisie, as the "aggressor" and the cause of the problems. Rather it must combat the capitalist system as a whole which is the real source of the problem. This means combating the capitalist ruling class of their own country. In inter-imperialist economic conflicts, as in military wars, the revolutionary vanguard is "defeatist"; it looks to the defeat of its own ruling class as its own objective. For revolutionaries, "the enemy is at home".

The revolutionary vanguard opposes specific inter-imperialist deals which threaten the workers' interests, such as the Common Market. The fight against such measures typically brings together diverse class forces, including segments of the bourgeoisie, whose ideology, nationalism, is frequently a powerful factor in such movements. The working class must intervene independently in defense of its own interests, and must fight the nationalist ideology which, in the last analysis, always serves to line up the working class in support of its own imperialist robber-barons.

The revolutionary vanguard does not support the weaker party in these conflicts, whatever indignities it may suffer at the hand of powerful opponents. As Trotsky said, the role of the revolutionary party is not that of nurse to the crippled "gangsters" of imperialism. (*Writings, 1938-39*, p. 15) To the crisis of imperialism, as a world system, it counterposes a series of anticapitalist transitional demands, which point the way to the only solution: workers power, and the building of a socialist world economy.

### **The Trend of Development of Canadian Imperialism**

8. Canada is an imperialist power, with a powerful, cohesive, and highly monopolized bourgeoisie, in full control of the Canadian state apparatus, and though it, of the Canadian economy. Developing relatively late, the Canadian bourgeoisie nonetheless overcame the hindrances imposed by geography, and the small size of the internal market relative to that of the U.S., to forge a strong, centralized state apparatus independent of British and American imperialism and capable of defending its own interests in the world arena. Through early and vigorous intervention of the state, it has developed a massive block of highly monopolized capital concentrated in highly advanced and profitable sectors of the Canadian economy, competitive on a world scale, and with a level of technological development close to the highest in the world.

Canadian capitalism rests on the imperialist super-exploitation of peoples inside and outside its borders. The subjugation of Quebec is a central foundation of bourgeois power and profits. Externally, Canadian capitalists have large, substantial holdings, rising with particular rapidity in Western Europe and in the semicolonial world. Super-exploitation of colonial peoples is a significant factor in Canadian bourgeois power.

9. Over the past century Great Britain has been replaced by the United States as the imperialist power with which Canada has its closest ties. American capital has replaced British as the predominant foreign investor in the Canadian economy, but a difference -- the chief form of US investment is direct investment, giving it direct control of its substantial holdings of the economy. Canadian capitalism has found in the United States its primary foreign market. A substantial division of labor on a continental basis has developed, and trade has oriented along the natural north-south routes. At the same time Canadian investment in the US has risen rapidly, and Canada's most successful monopolies have established important foreign operations.

The web of close economic ties is rounded out by special trade agreements like that establishing free trade (among producers) in the auto industry. Canada has received occasional exemptions from US protectionist and monetary control measures. Politically, Canada has gone beyond the NATO framework to establish particular ties with the US on the military plane (eg. NORAD). All these tendencies have been accelerated in the period of rapid concentration of capital and interpenetrating imperialist -- investment that followed the Second World War.

More recently Western European and Japanese capital have extended their holdings in Canada and expanded their exports to Canada at a rapid pace. Even as the continental car market was being consolidated, for example, by the Auto Pact, it was being broken open by European and Japanese competition, which has now moved on to invest in Canadian manufacturing plants. At the same time the harmony of the Canada-US relationship has been shaken by the Nixon protectionist measures, and by disputes such as that over energy resources.

Such developments can lead to attempts to reorient Canadian trade to some degree within world imperialism towards a lesser reliance on US markets. The US remains, however, Canada's chief customer, with an overwhelming margin over the second-ranked country.

### **Towards a "Super-Imperialism"? - The Reality of Imperialist Rivalry**

10. Have these developments fundamentally transformed Canada's relationship to world imperialism, or do they have the capacity to do so in the near future? Several concepts have been advanced in recent years which would imply that this is the case. The first is that the US has become some kind of "super-imperialist" power, dominating and subjugating all other imperialist countries. This view, based on a false projection of the tendencies of the 1950 and early 1960's when US hegemony was at its peak, found expression in the LSA/LSO's 1968 resolution on Canada-US relations.

"The rising forces of the world socialist revolution," the resolution states, "together with the declining position of all other capitalist powers and their weak position, both in absolute terms and relative to the US colossus -- their deteriorating position in world trade, their inability to sustain an effective military force in the era of super-costly intercontinental ballistic missiles and nuclear devices to promote and defend their own particular interests -- has forced them to become, if not 'completely subservient, reluctant, but nonetheless compliant tools, or at best junior partners of Wall Street and its imperialist interests. This is true in the case of the biggest and most solvent capitalist powers including those where US investment plays little direct role in their economy."

The recent development of world capitalism has shown such projections to have been false. For some two decades continental European and Japanese capital have gained ground steadily in their competition with US imperialism, in terms of the rate of growth of their productive base, their growing share of world trade, and their inroads on the US market. Far from insolvent, these powers have pushed the US to its balance of payments crisis and forced the devaluation of the dollar, as well as forcing Washington to a series of energetic defensive measures against increasingly threatening foreign competition.

The history of imperialism shows a constantly shifting balance of forces, in which the second-rank power of yesterday frequently surges forward to catch up and bypass its earlier-developed neighbor. The law of uneven development undermines in turn each supreme imperialist power. Any prediction based on the assumption that the inter-imperialist balance of forces will not change will surely prove erroneous. .

### ***Economic and Political Assimilation?***

11. A second concept, already discussed, projects the assimilation of Canadian capitalism into a broader North American framework. Such a picture was indicated by the 1968 resolution on Canada-US Relations in the following passage: "If-at other times there were conflicting

antagonistic interests which caused the Canadian capitalist class to pursue or attempt to pursue policies that took it into real conflict with the US ruling class, this is no longer the situation. It is now apparent that the Canadian capitalist class has arrived at a mutually agreeable relationship with US capital in their common exploitation of the work force of this country and its vast natural resources."

Like all deals between far-sighted bandit chieftains, the agreements of Washington and Ottawa are worked out to adjust interests for mutual benefit, with the larger share of the benefits of course going to the more powerful of the bandit gangs. The agreements and understandings do not eliminate the conflicting antagonistic interests or underlying frictions.

The factors standing in the way of assimilation of one national capitalism into another have already been examined. Canadian capital continues to exist as a distinct entity, with its holdings concentrated within Canada's borders, and with a strong objective interest in promoting economic conditions favorable to capital within Canada -- a matter of strictly secondary concern to American capitalists, despite their substantial Canadian holdings, the Canadian state promotes the interests of big business in Canada, and thus of the Canadian bourgeoisie through such measures as manipulation of the economy to maximize corporate profits, direct and indirect subsidy to big business, intervention in the class struggle to press back the labor movement, and negotiation to maximize markets in world trade. All these measures are direct or indirect means to further the interests of Canadian capitalism in its competition with other imperialist powers including the US.

The tangible hesitation of Ottawa in energy resource negotiations testifies to the Canadian bourgeoisie's clear understanding of its particular interests vis-a-vis US capital. Canada's substantial stocks of already scarce resources are a trump card which the Canadian bourgeoisie is not anxious to play until assured of a fair return.

Ottawa has frequently intervened to protect what it considered to be vital "Canadian" interests, to prevent foreign takeovers of strategic industries like uranium (Denison Mines) or even of Canadian companies operating in sectors dominated by foreign capital (Home Oil). Cabinet and other government and parliamentary studies have proposed various measures to ensure Canadian preservation of government and private interests, winning the support of significant layers of the bourgeoisie (Watkins, Wahn, Gray reports, including the latter's proposal for a "screening mechanism" on foreign corporate investment). And the Canadian bourgeoisie has taken care to ensure that the mass media remain in their control. Most Canadian newspapers are owned by Canadians. In addition to the CBC, they have legislated mandatory Canadian ownership of radio and television, and majority Canadian program content and production.

Any doubts about Wall Street's capacity to distinguish between its interests and those of Canadian capitalism have surely been eliminated by the events of the past two years. With the exception of the Auto Pact and energy resources imports, Canada was not exempted from the 10% import surcharge; nor has it been spared from the effects of the DISC program by which Washington promotes US exports at the expense of its imperialist rivals.

A key factor in the ceaseless competition of imperialist corporations is the social and economic conditions in each country -- the degree of inflation, and particularly the price of labor power. Canadian and US capital are in ceaseless competition to create more favorable conditions in their countries for maximization of sales and of profits. A particularly alarming development for Canadian capital has been the relatively more rapid rise of Canadian workers' earnings in recent years, which has reduced the wage gap from 27 per cent to 8.5 per cent since 1961. This will require energetic countermeasures.

The LSA/LSO's 1968 convention also took up the question of Canada-US relations in its Political Resolution, which correctly pointed out the existence of antagonistic interests, and predicted the conflicts of the last two years: "Canadian capitalism is highly vulnerable because of its place in the world system. As an imperialist power, part of the increasingly integrated North American economy, it must share the impact of all the shocks and crises which befall US imperialism. As a smaller power highly dependent on world trade, Canada is already extremely susceptible to international economic disturbances,. If the Canadian economy is today protected in part by the

special concern of its US guardians, it is certain that the growing pressure of world events on Washington will force the latter to cut back its commitments to bolster up the Canadian economy ..."

### **Is Canada Becoming a Semi-Colony?**

Is US investment reducing Canada to the status of a semi-colony? It has been argued that when the national bourgeoisie can no longer use state power to protect its own interests against those of a foreign power, and when this foreign power acquires ownership of the decisive commanding heights of the national economy, a process is set in motion which if pushed to its bitter end, can reduce a once-independent imperialist power to semi-colonial status. The first stages of this process can be said to have occurred in many occupied countries of Europe during and just after World War Two. This transformation, however, has never taken place in an advanced country. And no such process is underway in Canada today.

What is a semi-colony? The term is normally used in reference to colonies which have achieved formal political independence, but which have not broken free of the strangle-hold of foreign imperialism, and where the struggle for national liberation and to complete the tasks of bourgeois revolution have yet to be carried through to completion. Typical examples are Cuba under Batista, India today, the countries of Black Africa, etc.

In a semi-colony, the national bourgeoisie normally has only a very weak economic base; either it is excluded from the modern, industrialized sector of the economy, or this sector does not exist. The national bourgeoisie has typically not been able to develop firm control of the state as an effective means of controlling the economy. Typically, the land question remains unresolved, feudal conditions persist in the countryside, and the tremendous economic backwardness bequeathed by imperialism has not been overcome. The technologically most developed sector of the economy is typically in the hands of foreign imperialism.

12. The Canadian bourgeoisie has full control of its state, and this state possesses all the tools available to a bourgeois government for control of the economy. The Canadian bourgeoisie has not been driven from its decisive holdings; they are not marginal, but located in the most profitable sectors of the economy. No process of structural change is underway to; "de-industrialize" Canada through foreign investment. Rather the thrust of imperialist investment on a world scale is away from resource industries. US corporations are not blocking Canadian economic development by exporting massive quantities of capital from Canada. The balance of capital movements by US corporations remains in the direction of investment into Canada. All these facts testify to Canada's character: not a semi-colony, but a highly developed imperialist power.

### **An Imperialist Bourgeoisie in Full Control of the State**

13. Some statistics on foreign ownership, mainly US ownership, have received considerable publicity; the total picture is less well known. In 1968 (latest figures available), **26.8** percent of Canada's total industrial assets were 50 percent or more non-resident owned. (*Gray Report*).

No less than 58.1 percent of manufacturing assets were foreign-owned -- including 99.7 percent of Canada's petroleum and coal products industry, 93.1 percent of rubber products, 87 percent of transport equipment, 81.3 percent of chemicals and chemical products, 72.2 percent machinery and 64 percent of electrical products. In other sectors of the economy, foreign ownership is considerably smaller -- in 1968, 12.6 percent of the assets of financial industries, 21.2 percent of retail trade, 15.7 percent of public utilities, 13.8 percent of construction, 8.4 percent of transportation, and 0.4 percent of communications. (*Gray Report*)



The attention to foreign holdings in manufacturing and mining has tended to conceal or minimize the actual strength and relative weight of Canadian capital, its highly monopolized and concentrated character. Beginning with the protective tariffs of Macdonald's "National Policy" and the vast public funds poured into railway construction, the Canadian bourgeoisie has consciously used its control of the state to establish and retain control over key sectors of the economy -- and thereby buttress its own wealth and authority.

It has used a variety of methods: direct state control, partnership of state and private capital, and legal and administrative protection of "national" capitalist interests. In such vital areas as transport and utilities where the state has intervened directly (Canadian National, Air Canada, provincial Hydro and telephone monopolies, etc.), foreign ownership is virtually non-existent.

The state-owned sector is equivalent to the entire value of Canadian-controlled assets in manufacturing, mining and smelting, and petroleum industries. It equals the value of assets of all foreign branch plants in manufacturing. (Karl Levitt, *Silent Surrender*, p. 121)

To this direct economic power of the Canadian capitalist state must be added the domination of key sectors of the economy by private Canadian capital -- chartered banks (over \$50 billions in assets, well over the total value of all the assets of foreign-owned firms in Canada), protected from foreign competition by legislation; insurance and trust companies; steel (86 percent Canadian-owned), etc. Its holdings in manufacturing and mining, while minority, are substantial, and firmly established in monopolized sectors. In addition, the Canadian bourgeoisie has ensured it is in firm control of the mass media.

Levin and Sylvester, in their book *Foreign Ownership*, list several measures taken by the Federal Government to protect "Canadian autonomy. These include: (1) public ownership of enterprises considered vital to the nation (examples include the Bank of Canada, the Industrial Development Bank, Canadian National Railways, Air Canada, Canadian Broadcasting Corporation, Panarctic Oils, Polymer Corporation, and a number of other Crown corporations); (2) government regulatory agencies with power to regulate rates and operations of industries vital to national development, such as the Canadian Transport Commission, the National Energy Board, and the Canadian Radio-Television Commission; (3) specific statutory provisions restricting the degree of foreign ownership in certain sectors of the economy (for example, banks, federal insurance, trust, and loan companies, and radio and television broadcasting companies); (4) income tax incentives giving preferential treatment to companies in which there is at least 25 percent Canadian ownership; and (5) import duties and tariffs to protect Canadian industries against price competition from foreign imports."

A high degree of state intervention, with consequent monopolization and centralization of capital -- these characteristics of the Canadian bourgeoisie point to its vast political power -- a power vividly underscored in October 1970 with Trudeau's occupation of Quebec by 10,000 federal troops and suspension of democratic rights throughout Canada under the War Measures Act.

In his studies of the Canadian ruling class, sociologist John Porter found that fewer than 1,000 men shared between them 81 percent of the directorships in the "dominant corporations", 58 percent of the directorships in the nine chartered banks and 58 percent of the directorships in the life insurance companies. Many held posts on the boards of all three, corporations, banks and insurance companies simultaneously.

In short, Canada has a powerful, homogeneous highly conscious bourgeois ruling class, firmly in control of its own state power, ruling in its own name. Canadian capitalists have substantial foreign imperialist holdings. In 1967 (latest statistics available), Canadian direct investment abroad in branch plants, subsidiaries and controlled companies amounted to \$4,030 billion -- having more than doubled during the preceding decade.

Canadian corporate investment abroad bulks roughly as large, in relation to the size of the Canadian economy, as US foreign investment in relation to the US economy.

While more than half of this foreign investment is in the United States, the proportion of Canadian investment in the US is dropping steadily as Canadian investments elsewhere rise. Canada has foreign holdings spread over 32 countries, many of them in the semi-colonial "third world".

Moreover, the Anglo-Canadian bourgeoisie's imperialist character is confirmed through its oppression of Quebec, Canada's "internal colony". A major share of foreign, "non-resident" capital in Quebec, probably a majority, is of Anglo-Canadian origin. But what is decisive is the political domination of Quebec by the Canadian capitalist state, which denies the Quebecois their national self-determination.

The Canadian capitalist class's control of the state power is unaffected by quantitative increases in the absolute amount of foreign holdings. But there is no evidence whatsoever that the Canadian bourgeoisie is about to dump its fortress state -- so essential to its rule as a class, or permit its powers to be in any way infringed on or diminished.

The Canadian bourgeoisie is an imperialist ruling class with its substantial holdings concentrated within Canada's frontiers, and in full control of the Canadian state. Canada is not "dominated" or "oppressed" or "exploited" by foreign capital investment. It is not a colony or a semi-colony, but an independent capitalist state -- an imperialist and oppressor state.

### **The Limits of Continental Integration**

14. The Canadian ruling class general policy in inter-imperialist conflicts since the Second World War has been, first, to develop and maintain close economic and political ties with US imperialism, and second, to strengthen the Canadian state as the vehicle to defend its own particular interests. If this policy has brought many gains, it has provided no permanent solution to the problems posed by inter-imperialist conflicts.

US capital, first, is not prepared to let the Canadian ruling class "have its cake and eat it too" -- that is, to enjoy simultaneously all the benefits of continental integration and all those of independent statehood. Washington has proven very aware of the existence of the border, of its competition with Canadian capitalists, and capable of taking effective measures to defend its interests in this contest.

An alliance with US capital, second, brings with it all the weaknesses and problems of the American giant. Continental integration has brought more than inflation and recessions over the border; it has also encompassed Canada in the relative decline of North American competitiveness relative to European and Japanese competition. This can only raise the question, in time, of some degree of reorientation of Canadian capitalism towards closer ties with the other imperialist powers.

Nationalism is the main ideological cement of bourgeois rule in Canada, and a central instrument to promote popular identification with the institutions of the state. The task of protecting, developing and enhancing the prestige of these state institutions therefore cuts against any course of economic and political integration with the US.

The controversy over Canada-US relations during the past few years has revealed a considerable amount of pushing at the tiller by various bourgeois currents who aim to steer Canada towards closer or less close continental integration (eg. the controversy over the *Gray Report*; the debate on energy resources deals). A debate is underway around the degree to which anti-US feelings should be developed as a means to promote pan-Canadian patriotism which can be used to support wage controls or Canadian unity against Quebec.

A period of rising class struggles generally produces divisions in the bourgeoisie, which deepen with the approach of a revolutionary challenge. The present radicalization underway in Canada

should therefore tend to deepen these divisions in the ruling class over Canada's orientation in the imperialist world system, and its relationship to US capitalism.

This hard choice before Canadian capitalism is a particular case of the general contradiction discussed earlier. On the one hand, achieving full access for Canadian producers and investors to the US market calls for driving ahead towards full continental economic integration. On the other hand, defending the main concentration of Canadian capital, within Canada's borders, demands a strong and authoritative Canadian state, acting energetically to promote the health of Canada's economy and of Canadian monopolies, vis-a-vis their US and other foreign competitors.

Canadian capitalism cannot resolve this contradiction.

### **Nationalism - A Weapon of Canadian Bourgeois Rule**

15. Nationalism was born as the ideology of the rising bourgeoisie in its struggle to overthrow the feudal order. It played a positive role in mobilizing diverse social layers in the struggle to establish unified nation-states free of feudal rule and foreign domination. In the advanced imperialist countries, however, nationalism has long since ceased to play any progressive function -- except for the nationalism of oppressed peoples, which is aimed directly against the nationalist claims of the imperialist ruling class. The nationalism of imperialist nations is reactionary to the very core -- a crucial instrument of the bourgeoisie in mobilizing support for its system of exploitation, oppression and war, in disorienting the working class and demobilizing it as a self-conscious independent class force.

In countries where imperialist rule has **cut off** the historical development of the bourgeois revolution, a national liberation struggle is a crucial aspect of the class struggle, which will ultimately triumph through the establishment of workers power through a process of permanent revolution. This is true both in the colonial and semi-colonial world and in internal colonies like Quebec. There are no unfulfilled national tasks for the dominant nationality in English Canada, however, and there is therefore no "progressive" form of English Canadian nationalism, so long as Canada is an imperialist country and not a semi-colony.

Nationalism in imperialist countries is traditionally the ideological justification of class collaboration: that all social classes should work together towards their "common good" -- the good of their "nation". Nationalism is the recruiting drum for imperialist war, calling on the workers to "die for their country", and to slaughter their brothers and sisters who live under a different flag. Nationalism is the classic justification for imperialist exploitation of colonial peoples, the "lesser breeds without the law". In fulfilling this function, it takes the particular form of racism -- the ideological justification of the pillaging and enslavement of the non-white world by the "master race."

When capitalism in its death agonies grasps for the ultimate weapon of fascism to smash the working class, it is once again relying on the efficiency of nationalism as an ideological weapon. Nationalism is the bridge to lead the masses from fascism's plebian anti-big-business demagoguery to their mobilization behind its support of the capitalist order. The nationalist illusions of the working class, carefully fostered by social-democratic mis-leaderships and today by the Stalinists as well, can be the bridge to break them from their allegiance to working class organizations and line them up behind the fascist gangs.

16. The fascist form of nationalism has been seen as yet only in embryonic form in Canada -- the main reason why so much of the left has embraced Canadian nationalism with such light-minded irresponsibility. But all the other functions of nationalism have been seen in Canadian history.

Nationalist feelings have been built up to justify Canadian participation in a whole series, of

imperialist wars. More recently, it is the belief in the unique character of Canada, free from the unsavory features of US imperialism, that has been used to justify Canada's counter-revolutionary role in the Indochina TCC and in United Nations peacekeeping forces. If Canada is a "prison house of peoples", nationalism is the religion of the jail guards; anti-Québécois chauvinism, is a major bourgeois weapon in dividing the working class and winning support for the Canadian state.

Rising class struggles across Canada today combine with the actions of Quebecois and other oppressed nationalities to mount a growing challenge to Canadian bourgeois rule. The ruling class grasps increasingly to nationalism as a weapon of self defense: to mobilize support for bourgeois confederation and promote class collaboration. It is quick to tip its hat to the "struggle for Canadian independence from the US". A significant current of bourgeois opinion, which speaks through such authoritative voices as the bourgeoisie's largest daily paper *The Star*, and its leading monthly magazine, *Maclean's*, urge the bourgeoisie to go much further. This "anti-US" current in the ruling class promotes a demagogic campaign against US influence and US "domination", aimed at mobilizing support for the institutions of capitalist Canada.

One likely future task of this anti-US nationalism is to provide the rationale for wage controls and anti-labor measures. As the narrowing Canada-US wage gap shows, the intractability of Canadian labor is a major threat to Bay Street in its competition with US producers. How better to motivate wage controls than as an urgent measure of national defense against the wage-cutting Yankee corporations and against Washington's anti-Canadian protectionist measures?

17. The 1968 document on Canada-US relations was published together with five articles expanding and elaborating its main theses. One of these articles seems to challenge the existence of Canadian nationalism as an ideology with real social roots. Referring to an issue of *Canadian Dimension* featuring "An Open Letter on Canadian Nationalism" it writes: "The sad fact of the matter, one of the authors admits in a supplementary article -- there is no doctrine of Canadian nationalism," The article continues: "There is no class, and ideology is always an instrument of class interests, there is no class whose interests a Pan-Canadian nationalism reflects."

The Canada-US Relations resolution, however, spoke unambiguously and accurately on the threat of nationalism. "Nationalism in advanced capitalist countries such as Canada has traditionally been a tool of the ruling class. In 1939 the banner of national unity was raised in order to gear the nation, specifically the working class, to sacrifice their lives in an imperialist world war. It is now being raised to mobilize English-speaking Canada against the legitimate struggle of the Quebecois for their national rights. This bourgeois nationalism stands in the way of a class differentiation in society -- in particular, the development of class consciousness amongst the workers and, where the workers are already organized along class lines, is designed to fracture them."

### **A "New", "Progressive" Canadian Nationalism?**

18. Is there a "new nationalism" in Canada today -- nationalism of a new type, distinct from bourgeois nationalism? Can this "new nationalism" be said to possess an anti-imperialist character, developing towards anti-capitalist consciousness?

In general terms, nationalism is an identification with the integrity, independence, values, culture or language of the nation; the belief that the nation as a whole has common problems, goals or tasks; and the concept that a common struggle or process of common endeavour in pursuit of these goals is called for.

Nationalism receives different expression by different social classes, as each strives to infuse it with its own objectives. But this does not mean that several distinct "nationalisms" co-exist, one for each major social class. The pursuit of national goals by elements of every social class will have a common point, of reference: the situation of the nation as a whole and the tasks that flow from this.

In oppressed nations, movements for national emancipation have a revolutionary character. This is not because they represent a "non-bourgeois" nationalism, side-by-side with a "bourgeois and reactionary nationalism." Rather their character flows from the existence of concrete task of national liberation which cannot be carried through to completion within the capitalist order. The working class does not develop a "different" nationalism from the bourgeoisie. Rather it is the most thorough-going and revolutionary advocate of the full achievement of the tasks of national emancipation, tasks common to the nation as a whole.

A new and progressive Canadian nationalism is indeed possible if Canada is no longer imperialist, but has rather become an oppressed nation, subjugated by US imperialism. But in that case it would not be "new" in the sense that it would conform to the nature of nationalism in oppressed nations as a whole -- a phenomenon clearly outlined, as it exists in industrialized societies, in Quebec today.

To assert the existence of a progressive new nationalism in a non-oppressed, imperialist nation, a nationalism without national tasks but with an anti-capitalist thrust, a nationalism co-existing without separate from reactionary bourgeois nationalism -- this would require a series of innovations in the Marxist analysis of nationalism.

19. An important aspect of the developing radicalization of the past ten years has been a growing understanding of, and opposition to, various manifestations of imperialism around the world. The Cuban revolution, the non-white resistance in South Africa, the Vietnamese liberation struggle, the Black revolt in the US, the Quebecois revolt in Canada, the nationalist movement in Ireland -- each in turn has awakened a significant sentiment of solidarity, particularly in student circles, and has sparked powerful actions in opposition to imperialist wars and examples of imperialist oppression.

As the US stepped forward as "world cop" for world imperialism in Vietnam and elsewhere, powerful actions developed against the crimes of US imperialism around the world. This helped press forward the break of millions of Canadians with the Cold War ideology, built up in part around identification with the US "establishment" as Canada's defenders against "Communism." Opposition to US aggression in Vietnam has attained particularly massive proportions,

A significant range of the English Canadian radicals have concluded that actions against US domination of South Vietnam must be extended by launching a campaign against what is thought to be US domination of Canada. Just as Quebecois must fight Ottawa, just as Latin Americans must fight Yankee imperialism, so, it is claimed, Canadians must fight US penetration of Canada in its various forms.

This view contains a two-fold error. First, it confuses the cop, for the police force, and the system it protects. The US acts on behalf of the world imperialist system in Vietnam and elsewhere in the colonial world -- and thus acts on behalf of Canada's capitalists. The real enemy in Canada is not US imperialism, but imperialism itself, as a world system. The battle against imperialism can only be joined by combatting the Canadian ruling class and its state. The enemy is at home.. Second, this view slips into the error of assuming that US imperialism has established the same form of super-exploitation and oppression in its dealings with advanced capitalist countries like Canada that it imposes on its colonial and semi-colonial subjects.

To generalize from opposition to US imperialist domination of the colonial world to opposition to US domination of Canada is a step backwards, a step away from anti-imperialist consciousness, which leads into a nationalist dead end. The Canadian Trotskyists fight to lead elemental opposition to the crimes of US imperialism forward to an understanding of the character of imperialism as a world system, and to the imperialist character of the Canadian ruling class. A central means of achieving this has been to lead actions against the crimes of US imperialism which exposing -- the complicity of the Canadian ruling class, and combine demands on US and other imperialists with demands on Ottawa.

## Who Rules Canada?

20. Three aspects of the debate on Canada's relationship to US and world imperialism deserve special attention: the question of Canadian "sovereignty," the impact of US corporate ownership in Canada, and the concept of "imperialist sentiment" advanced by the 1968 resolution on Canada-US relations.

"Does US capital dominate the Canadian economy through control of what might be described as its strategic or decisive sectors? This question has been posed in an attempt to settle the somewhat formalistic question -- Does the Canadian capitalist class actually rule Canada or does the US capitalist class in effect own and rule Canada."

The 1968 resolution on Canada-US relations posed these questions but declined to answer them. It stated they were largely irrelevant in view of the harmony of interests between the Canadian and US ruling classes. This harmony is illusory. And the questions posed call for precise answers.

Do US corporations own Canada? To assert this is false to the core. Ownership of Canadian industry is shared among capitalists of several nationalities (the Canadian plutocrats have the largest share). The statement, moreover, is misleading, as it implies -that national origin, rather than class identity, is the important factor to consider in assessing ownership of the Canadian economy.

Do US corporations "dominate" the Canadian economy? Do they "control" the economy? There is no question that US capital has a heavy stake in the Canadian economy, concentrated in vital sectors. But to speak of US "domination" or "control" implies more than merely an attempt to weigh the quantity of US investment in Canada against Canadian capitalist holdings -- a test whose result would be of dubious significance. Still less does it mean weighing the absolute strength of US holdings. To speak of "US domination" or "US control" is to raise the question of power; to propose an answer to the question; "Who rules Canada?"

Who rules Canada? As the 1968 *Canada-US Relations* document stated, "The Canadian capitalist class is a powerful, tightly integrated, highly conscious and cohesive force, firmly in control of the state apparatus which it has constructed and shaped to serve its interests. The position of the Canadian capitalist class in control of the Canadian state apparatus is not challenged by US capitalist interests."

This correct assessment however, is undercut by the following sentence: "But while in control of the state, the Canadian capitalist class is by no means in control of the Canadian economy. (ERROR?)", the reference to "the myth of Canadian 'sovereignty and independence'" and the statement, in an article printed to round out the 1968 Canada-US resolution, that Canada is controlled by "board rooms twice removed -- on Wall Street and their political power-house, Washington." ('Watkins Report Filed Into Govt's Morgue,' in *Canada-US Relations, A Socialist Viewpoint*.)

A capitalist economy is fundamentally anarchic; its blind forces do not submit readily to the control of bourgeois states. Although means of governmental control of the economy have been greatly refined since the 1930s, they are so inadequate as to leave the state unable to halt the dislocating waves of the capitalist business cycle, to regulate inflation or establish unemployment at "desired" levels. The economies of smaller imperialist powers are particularly difficult to control because they are strongly shaken by the economic tides generated inside their more weighty neighbors, and because of the sheer bulk of the international monopolies operating within their borders.

Within these limits, however, the Canadian state possesses all the normal tools of a modern capitalist state for controlling the economy, and has not hesitated to employ them.

Canada is not ruled by Wall Street board rooms or Washington governmental offices; it is ruled by the Canadian state, headed by the governmental cabinet, "the executive committee of the ruling class."

## **Myths and Fallacies on the Role of US Investment**

21. What is the attitude of revolutionaries to US investment in the Canadian economy? A fundamental error of much of the Canadian left has been the assumption that US investment plays the same role in Canada as it does in the semi-colonial world: that of cutting off possibilities of industrial development, carting away a substantial part of the economic surplus available for investment, and holding the economy as a whole in a state of economic backwardness,

In fact these effects are seen where there is the combination of two factors: foreign imperialist economic domination, and a backward and largely pre-industrial society. Imperialism typically allies itself with the most backward and reactionary social layers, and blocks any movements that might carry through the social transformation necessary as a precondition to industrialization. Lacking sufficient opportunities for profitable investment, it exports most of its profits for investment in advanced countries. In this way, it blocks economic development cutting short its own possibilities for expansion in the country concerned. None of these processes take place in industrialized countries, which for this reason have become the main area of imperialist investment.

Failure to recognize this distinction has led many left-wing economists to propound a series of quite false concepts on the impact of US investment in Canada. Here are some of the more familiar of these concepts, along with some comments in each case.

a) "The US exploits Canada by shipping home the profits of its Canadian holdings, which slows Canadian economic growth." Statistics show that US corporations are expanding their Canadian holdings, in balance, with capital generated in Canada, rather than with substantial net investment from the US. This fact argues strongly that Canada does not need injections of foreign capital to prosper, that a nationalized and planned Canadian economy could flourish without foreign investment. But it is not true that US corporations in Canada export more capital than they bring in. Figures of recent years show the opposite to be true.

b) "Unemployment in Canada is consistently Higher than in the US and other advanced capitalist countries. This shows that the uniquely high level of foreign investment in Canada is generating unemployment. "

Large-scale foreign investment tends to increase Canada's vulnerability to shifts in international trade and investment patterns, as do investment by Canadian corporations abroad. But as far as investment policies are concerned, and they are the main factor governing unemployment, there is no evidence that those of US-owned firms are different from those of Canadian-owned corporations.

c) "The wage gap between Canadian and American workers means that US corporations are super-exploiting Canadian workers; in this way US ownership damages the interests of Canadian workers."

The 8.5 percent gap in the average wage rate (1972) is small compared to the wage gaps within the US and within Canada: the gap between Ontario and Francophone workers in Quebec is 40 percent. Yet it can be said that, in balance, US and Canadian corporations with operations on both sides of the border tend to super-exploit Canadian workers relative to American workers. But this is not an argument against US ownership. US corporations do not in any sense cause the wage gap, or generate it; they merely take advantage of it. (The US-Japan wage gap is much larger but has nothing whatsoever to do with US investment in Japan, which remains quite limited.)

In general, while the wage gap between imperialist nations and semi-colonies is widening, the wage differentials among the various imperialist countries is tending to decline. Rapidly rising US investment in Canada has accompanied a swift decline in the wage gap from 27 percent in 1962 to 8.5 percent today. It appears that increasing continental economic integration has generally had a positive impact on wages of Canadian workers relative to their American brothers and sisters.

If the wage gap signifies that the economic relationship of the US to Canada is exploitative we would equally have to assert that Swedish imperialism exploits Germany, that German imperialism exploits France, that French imperialism exploits Belgium, that Belgian imperialism exploits Britain, whose imperialists in turn exploit Japan. The validity or value of such statements is unclear,

d) "US-owned corporations tend to shut down, and to lay off workers," "more frequently than Canadian corporations do."

There is no reason to think that this should be true. To the degree that US-owned corporations are concentrated in manufacturing and mining, they will tend to suffer from the marked cyclical swings in employment in these sectors, in exactly the same manner as the Canadian corporations in these fields. A study of recent plant closures in Ontario by the Ontario Federation of Labor found that just over 50 percent of layoffs are by US firms; this is roughly equivalent to the US stake in Ontario's manufacturing and mining.

e) "US capital is biased toward investing in resource industries, which are more capital-intensive and do not generate much complementary employment; thus they employ fewer Canadians. In this way Canada is forced into the role of resource hinterland to US industry,"

Since long before US corporations acquired their Canadian holdings, Canadian exports have been largely made up of resources and foodstuffs; Canadian imports have been primarily manufactured goods. This continuing reality has nothing to do with US ownership, outflows from the shape of world imperialism. Relative to the United States, Canada is a country rich in resources but with a small market for manufactured goods. Canadian economic development centers on the areas that provide the greatest profits; resources are prominent among them. Manufacturing enterprises center where the market is richest; 90 percent of the North American market is in the US. Only a nationalized, planned economy can reverse this trend.

Efforts by some to demonstrate the US investment in Canadian resources is producing a net decline in industrial employment in Canada are unconvincing. While the number of Canadians employed in secondary manufacturing has shown a small decline in recent years, similar trends have been observed in other imperialist countries, including the United States itself.

In general; imperialist foreign investment today is orienting away from concentration in resource industries; there is no reason to think that the same tendency will not be seen in the investment of US corporations in Canada.

f) "US ownership in Canada is a vehicle for implementing US economic nationalist and protectionist policies. In particular, US corporations will tend to shift operations south of the border in order to improve the US balance of payments situation."

This is the "de-industrialization" thesis of the Movement for an Independent and Socialist Canada (MISC) which was the fundamental economic projection underlying its split from the New Democratic Party.

There is no question that Washington's protectionist measures aim to "shift production south of the border", in the limited sense of aiming to increase US exports and decrease imports. All US corporations whose main base of operation is south of the border will benefit by such policies. Similarly, in the interests of stabilizing the US balance of payments position, and thereby the US dollar – the motivations behind Nixon's Aug. 15, 1971 wage freeze decree and protectionist measures – US imperialism may dictate cutbacks in overseas investments which can result in industrial closures in Canada as in other countries. But to the degree that they have substantial operations in Canada, it will be in their interest to seek to have Canada exempted from such measures, in order to maintain the profitability of their Canadian holdings. In balance, US investment in Canada, far from being the Trojan Horse of de-industrialization, tends to protect the Canadian economy against the impact of US Protectionist measures.

g) "US ownership of the Canadian economy produces an inefficient 'branch plant economy', where three or four branch plants of US giants do the work that could be done more cheaply by a single, Canadian-owned firm.



The existence of several small and less efficient units in many industries where one large unit could produce more cheaply is a result of the existence of a distinct Canadian market in these industries, protected by a tariff wall -- a market much smaller than that of the United States. One way to eliminate the relative inefficiency is to abolish tariffs between the US and Canada and create an integrated continental market, as has been done in the automobile industry. The traditional objection against continental integration of this sort is that a good part of Canadian industry exists only because of the tariff wall and is too inefficient to survive without it.

Bourgeois economists debate the problem in terms of the alternative to integration vs. tariff walls, and fail to arrive at an adequate solution. They reject the obviously adequate and satisfactory solution -- a nationalized and planned economy,

This debate, while interesting, has nothing to do with US investment in Canada.

h) "US ownership tends to concentrate opportunities for entrepreneurial initiative south of the border."

Opportunities for entrepreneurial initiative translates into English roughly as "chances for capitalists to make a killing." It is unclear what this aspect of the debate has to do with the interests of the working class,

i) "US firms with Canadian operations do their scientific research south of the border. As a result, US ownership in Canada blocks the development of Canadian science, and forces Canadian scientists to leave the country to seek employment."

The Gray Report on foreign investment in Canada states, "The evidence does not indicate substantially better Canadian performance by Canadian controlled firms than by foreign controlled firms with respect to expenditures on research and development, exports and further processing." In other words, if scientific research in Canada is weak, this has nothing to do with the nationality of ownership of Canadian industry.

Expenditure on scientific research per capita is three to five times as high in the US as in European countries. As a result, tens of thousands of European scientists have migrated to join better-financed laboratories in the US. (Mandel, *Europe vs. America*, pp. 36-38)

But this has nothing to do with the effects of US ownership abroad. It results from the greater size of US corporations and their bigger research budgets. The same factors doubtless come into play in Canada.

### **Are We Indifferent to the Nationality of the Boss?**

Does US investment damage the interests of Canadian workers?

This short excursion has turned up no evidence that it does.

Canadian workers suffer the effects of the peculiar weaknesses of Canadian capitalism. But the problem for them is not the United States, US domination, or US ownership. It is the character of the world imperialist system of which Canada is a part. The answer is measures which break Canada free of world imperialism by overthrowing Canadian capitalism.

What then is the attitude of revolutionaries to US investment in Canada? Are we indifferent to the extent of US ownership? The 1968 resolution on Canada-US relations is at least equivocal on this point.

The document notes that we have advanced the demand for nationalization of the CPR in response to its curtailment of services and layoffs. "It was a matter of indifference whether the CPR was or is now basically U.S.-owned," the document continues. Yet only three paragraphs earlier the document announced:

"Nor are we indifferent to the increasing economic penetration of U.S. capital into Canada, its increasing control of the economy, and what goes with that -- its determination of Canada's role in world affairs" already.

The article on the Watkins Report associated with the resolution cited, seems to advocate that foreign-owned firms be singled out for nationalization. "Ultimately, what alternative is there to public ownership of U.S. capital in this country that continues to violate the interests of the Canadian people"? It goes on to point out that public ownership of Canadian capital.

In passing, one must ask what common "interests the "Canadian people" in this class-divided society are shared by the "Canadian people" in this class-divided society.

Yet the resolution is clearly opposed to raising any general demand for nationalization of foreign corporations: "Without making public ownership of U.S. interests a general demand, as U.S. interests violate Canadian law by refusing to accept orders from Cuba and China, etc., the question of their nationalization increasingly comes to the fore. This is not the separating out of 'bad' capitalists from 'good' capitalists for 'punishment' by nationalization, but popularizing the whole concept from necessity". The question that is left entirely open is whether foreign-owned corporations "violate the interests of the Canadian people" in some distinctive manner not shared with Canadian-owned firms..

The rise of international imperialist corporations, the so-called multi-nationals, is a feature common to imperialism around the world. Far from stabilizing imperialism, they have introduced a series of new contradictions which imperialism is powerless to solve. They are a chief agency through which an imperialist economy is shaken by waves of inflation, recession, or sharp turns in investment policy -- originating far from its borders. Smaller imperialist economies with large foreign-owned sectors are particularly susceptible to these unsettling effects. A wave of retrenchment by world giants can provoke serious economic difficulties within their borders. In a multitude of ways, international imperialist corporations threaten the interests of working people. But the problem is not the particular nationality of their owners.

We are not indifferent to the impact on Canadian workers of these developments in world imperialism. We point to the nationalized and planned economy as the alternative to the crisis-whacked economy of the international imperialist corporations. This does not mean that we hold some brief against U.S. ownership and favor Canadian ownership of industry. We are indifferent to the nationality of the bosses. We are partisan in opposition to their world system of exploitation.

Are we indifferent to U.S. ownership in Canada? The question demands an unequivocal answer. For in an independent capitalist state like Canada, it is only another formulation of the question: "Are Canadian capitalists less injurious to the interests of Canadian workers, and therefore more desirable than American capitalists?"

Revolutionary socialists are indifferent to the nationality of the boss. If 100 corporations are to rule Canada, we are indifferent as to whether their head offices are in Canada or in the U.S. (We) believe the Canadian bosses are in no way preferable to their American counterparts. The problem is not U.S. imperialism, but imperialism per se; not U.S. corporations, but corporate power.

### **The Theory of the "Anti-Imperialist Sentiment"**

23. "The struggle for Canadian independence from the U.S. will make socialism in Canada relevant. This concept, advanced by *Canadian Dimension* in 1967, swept across the Canadian left in the late 1960s as a wide range of radical currents advanced different strategies for a "struggle against U.S. domination." This coincided with the early stages of the present youth radicalization, in which anti-imperialist themes were central, and found particular expression in actions against the crimes of U.S. imperialism in Vietnam and elsewhere.

The resolution on Canada-U.S. relations was a first approximation in the analysis of a series of new phenomena by Canadian revolutionaries. Its most important thesis, time has proved, was its firm reassertion of the imperialist character of the Canadian ruling class, its control of the Canadian state, and the reactionary character of Canadian nationalism.

In addition to a number of correct fundamental positions, the resolution was in error on several counts which have been examined in this text. A central error, which was to generate no little confusion in the LSA/LSO, was the concept of the "anti-imperialist Sentiment.." The resolution reads as follows:

"Ever-widening layers of the Canadian working class and petty-bourgeoisie are developing an understanding and sympathy for the popular struggles developing across the globe -- and they see Washington as the ruthless and bloody subverter of these struggles. An increasing number question the whole rationale of the cold war and its pacts and alliances such as NATO and NORAD -- they are beginning to see the United States, and not the USSR and the workers states, as the aggressive military force that threatens mankind with a world war and possible nuclear destruction.

"They see the U.S. as a violent society, a racist society, and a huckster society, reflected in the TV, radio programs, the books and the magazines that flood across the border. An increasing number are developing a concern about the flagrant violation of the law by U.S.-based corporations in this country which leads to loss of trade and, of course, jobs for Canadian workers.

"These above tendencies have been designated in some circles as nationalist.-- Canadian nationalism.. The term is a misnomer, causing confusion rather than giving insight into the phenomenon, its dynamics and direction. More correctly, it should be designated as an elemental anti-imperialist sentiment -- developing towards an anti-capitalist consciousness. Because it is essentially anti-imperialist, it finds no basis of support in any sector of the Canadian capitalist class and its spokesmen, who defend U.S. imperialism not only out of a natural affinity but with a clear understanding that their fate is inextricably tied to that of the U.S. ruling class."

-X-      -X-      -X-

24. The concept of the "elemental anti-imperialist sentiment" approaches a complex phenomenon from the wrong end. Discussing the "dynamic" of an arbitrarily defined "sentiment" detaches the analysis from objective reality. The analysis should start by examining real social movements, their roots in objective reality, their different class (ERROR) strands and their direction, leading to proposals for program and action.

The resolution does not relate the "anti-imperialist sentiment" it describes to the real objective needs of the working class. It does not show that the anti-U.S. feelings of workers flow from any real damage done to their interests by U.S. ownership in Canada or by other forms of U.S. imperialist contact with Canadian life. Anti-U.S. feelings are judged to have an "anti-capitalist thrust" merely because they receive no echo in the ruling class. This assertion is based on a very large if -- the improbable assumption that no layer, no current of ruling class opinion can make contact with anti-U.S. feelings, an assumption now clearly proven wrong. The analysis is founded on the un-dialectical assumptions of the absence of frictions between the U.S. and Canadian ruling classes, and the unfissured unity of the Canadian bourgeoisie.

The definition of the sentiment is left unclear. Do all anti-U.S. feelings form part of the "sentiment," or only part of them? As the reactionary sides of anti-U.S. feelings became apparent, a search was launched for a better definition of the "anti-imperialist sentiment" which would exclude reactionary nationalist manifestations, and nonetheless remain an identifiable phenomenon "with an anti-capitalist thrust". This exercise produced nothing.

The 1968 resolution on Canada-U.S. relations described a sentiment, but projected no movement to which it might give rise. It projected no course of action, no programmatic proposals to counter U.S. imperialism. (An exception was the proposal for an "independent foreign policy for Canada".) The resolution stated that a "clear understanding of the progressive implications of this rising anti-imperialist sentiment is necessary so that we can meet the new challenges that it will pose before us." But it made no proposals which added anything to the body of programmatic concepts available to meet this challenge. It offered only a concept of sensitive orientation to an ill-defined sentiment -- an orientation that was to prove sterile and misdirected.

25. The central concept behind the identification of the "anti-imperialist sentiment" proved to be erroneous. The 1968 resolution placed an equal sign between opposition to the crimes of U.S. imperialism around the world, and opposition to U.S. investment in Canada and to other manifestations of

U.S. imperialist presence in Canada. There is no question about the positive significance of opposition to U.S. imperialist foreign policy. But what about opposition to U.S. ownership in the Canadian economy, not to mention opposition to "U.S. TV, radio programs, books and magazines"? For this to be progressive, it would have to be clear that Canadian workers suffer particularly and especially from the U.S. nationality of capital investment, and, further, that opposition to its various manifestations will develop along class lines. The first point was unproven, the proof of the second point was in error.

### **The Revolutionary Socialist Intervention**

26. How then do revolutionaries size up the broad debate which has developed around Canada's relationship to the United States? What do they judge to be its "dynamic"? How do they intervene? In reality, the diverse forces at work cannot be summed up by the definition of any "sentiment"; nor can a "sentiment" be singled out within the discussion which could be said to have a clearly "anti-capitalist thrust." A close examination of what has been loosely termed "Canada's new nationalism" reveals a whole series of different forces at play.

First, the development of world imperialism is posing some hard choices for Canadian capitalism, regarding the degree to which it will prosper from continental integration, and the degree to which it must establish other ties, and act to protect specifically Canadian interests. Revolutionaries must show the incapacity of every option within the capitalist framework to resolve the problems thrown forth in this debate.

Second, there is a deep popular apprehension of the impact on Canada of international imperialist corporations and inter-imperialist competition, which is commonly perceived in terms of "U.S. domination." Revolutionaries must demonstrate how real and urgent the dangers are which world imperialism poses to the livelihood of Canadian workers -- but that these dangers flow from the character of imperialism itself, rather than from any U.S. "domination" of Canada.

Third, a broadened popular understanding of U.S. imperialism's reactionary and exploitative role on the world stage has led to the conclusions that it has the same relationship to Canada, that Canada is in some sense a colony which must struggle for its independence. Revolutionaries must show this proposition to be fundamentally false and combat the nationalist slogans which flow from the concept of a struggle for Canadian independence. They must demonstrate the imperialist character of Canadian capitalism and propose a class struggle program leading towards the overthrow of Canadian capitalism.

Fourth, the bourgeoisie, increasingly challenged by a rising tide of class struggle, seeks to buttress its rule by its traditional means -- an appeal to nationalist feelings including its anti-US forms. In as much as the ideology of the ruling class is the dominant ideology of the society as a whole, an appeal to nationalist feelings can count on a significant response in all social classes. Revolutionaries combat the nationalist illusions of the masses, and advance a program which cuts against nationalist concepts, deepens the class struggle, and builds internationalist understanding in the working class and its vanguard.

### **Nationalism's Impact on the Labor Movement**

27. As the Canadian bourgeoisie faces heightened competition in the world market, increasingly restricted opportunities to expand investments, and a greater need to attack the wages and living standards of Canadian workers, nationalism will become an increasingly important instrument to counter the workers' struggle, and to cut across developing class consciousness of Canadian workers. Challenged by the rise of Quebecois independentism, the Canadian ruling class will increasingly resort to attempts to whip up anti-Quebec phobia and chauvinism among English-Canadian workers.

We have already seen the impact of such moods and such attempts on reformist layers of the left. The 1970 document by Ross Dowson on "Our Orientation to the NDP" pointed out the link between social-democratic reformism and nationalist support of the existing bourgeois state, describing the NDP as "nationalist" — identifying the fate of the Canadian working class with the fate of the central bourgeois state -- and not internationalist." While the New Democratic Party

leadership speaks out against "US domination" of Canada, an imperialist nation, it refuses to defend the right of self-determination of Quebec, an oppressed nation.

Support of Canadian nationalism inevitably cuts across support of Quebec self-determination as the recent evolution of the Movement for an Independent Socialist Canada (MISC), clearly shows. MISC speaks of "self-determination" -- "or both Quebec and English Canada, ignoring the qualitative distinction between Quebec's situation as an oppressed nation and English Canada's role as oppressor of Quebec. The MISC itself was directed away from the New Democratic Party and from class politics, by Canadian nationalism. Starting with the theory that US investment was "de-industrializing" Canada, converting it into a "resource hinterland" and thus generating massive unemployment in Canada, the MISC logically concluded that the movement and struggle for Canadian "independence" from US imperialism would be paramount in the working class struggle, creating new structures and alignments wherever existing workingclass organizations proved unable to respond to the challenge of Canadian nationalism. On this basis, the MISC leadership rejected work within the NDP, charging that the NDP was dominated by American unions and has proven itself unable to move forward in the struggle for Canadian independence.

The Communist Party has long projected a struggle for Canadian independence as a keystone in the application of peaceful coexistence politics to Canada. The Maoist Communist Party of Canada (Marxist-Leninist), and the Canadian Liberation Movement see a Canadian national liberation struggle as primary. The Canadian Party of Labor and the Healyite Workers League, on the other hand, while rejecting the Canadian nationalism theses, show no greater insight into the character of nationalism -- rejecting with equal fervor the national liberation struggle of the Québécois.

The prevailing disorientation on this question in the Canadian left only underscores the urgency of a powerful and educational intervention by the revolutionary vanguard.

### **Nationalist vs. Class Struggle Slogans**

28. The principle slogan of the "Waffle" Caucus of the New Democratic Party, and of the MISC after its split from the NDP, has been "For an Independent and Socialist Canada", summarized on their bumper stickers as "Canadian Independence: Yes!" Its aim was to express the Waffle-MISC leadership's concept that the struggle against "US domination," for Canadian independence, must be led to victory through the nationalization of the commanding heights of the economy. This slogan is false and misleading. It projects an independence struggle for a state which, as we have seen, is already independent. It suggests the existence of tasks of "national liberation" in Canada. It implies that the Canadian bourgeoisie is not really the ruling class in Canada. It distracts from the main challenge before Canadian socialists, to project and lead forward the struggle against the Canadian ruling class. Other -slogans expressing the concept of an "independence" struggle, such as "For an Independent Foreign Policy" and "Nationalize US Monopolies" share the same weakness'

The slogan "Break Canada from the US War Machine," occasionally advanced in the antiwar movement, reveals the same weakness. It begs the obvious question: are we opposed to the Canadian war machine? In this it cuts across a clear principled position on the responsibility of the Canadian bourgeoisie in the crimes of imperialism, which has been expressed in the slogan "End Canada's Complicity."

A campaign against "Americanization of the universities" has been launched by some nationalist circles, popularized mainly with evidence that the proportion of foreign-born professors increased during the massive university expansion of the 1960s. Revolutionary socialists have correctly opposed proposals for a quota system on foreign-born professors, pointing out that the nationality of the professors is not the problem, nor is the nationality of the textbooks --the problem is big business control of the university. They have centered their intervention on the concept of students-faculty-support staff control of the university.

The 1968 resolution on Canada-US relations was published together with a reply to Prof. Robin

Matthews on the "Americanization" of the university. This reply opened up with the establishment of an area of agreement: "With US capitalism continuing to expand its influence in the economic structure of Canada it is no wonder that its influence should find expression in the universities." It continued to identify US professors, some of whom are ignorant and contemptuous of Canadian social questions, and Canadian born professors with a "colonialist mentality", as agents of this process, and then posed the question: "What is to be done about this 'Americanization' of Canadian universities?"

To argue in this manner is to accept the nationalist framework established by our opponents. This framework is wrong and must be challenged. We do not grant that "Americanization" is a problem in Canadian universities; we see the problem posed in class terms.

The 1968 resolution on Canada-US relations stated that: "Ever-widening layers of the Canadian working class and petty bourgeoisie . . . see the US as a violent society, a racist society, and a huckster society, reflected in the TV, radio programs, the books and magazines that flood across the border," and defined this as part of the "elemental anti-imperialist sentiment."

The culture of any society is the culture of its ruling class. Revolutionary socialists reject any concept that Canadian culture is superior to that of the US, that it is less "violent", less "racist," or less "huckster" than US culture, or that Canada should be protected from the influence of US TV, radio, books and magazines.

29. How do revolutionary socialists combat, nationalist illusions in specific struggles relating to Canada's role in world imperialism?

Where specific pacts or agreements between Canadian and US capitalists threaten the interests of Canadian workers, we oppose them, but from an independent class point of view, so that we cut across the lining up of the working class behind the negotiating stance of the Canadian bourgeoisie. We have opposed energy resources deals, for example, on the grounds that they hand over the wealth of energy resources to the monopolies, rather than utilizing them for the benefit of working people in Canada and in the world as a whole. We have raised the need for planning in the use of scarce resources, and warned of the ecological danger posed by premature and incautious development of these resources. We have called for resources to be developed under public ownership in the framework of a long-range plan drawn up in the interests of the working people. We have not argued that Canadian energy resources should be preserved for Canadian use, or that Canadians must block the theft of "our" resources by foreign interests.

Similarly, we have argued against the proposed Mackenzie Pipeline primarily on the grounds of Native rights, ecology, and the fact that this project is conceived for the profit solely of private corporations.

Where specific US corporations damage the interests of Canadian workers, through lay-offs, shut-downs, oil spills, ecological damage, discrimination against women or against Québécois, etc., we intervene advancing the same slogans and concepts we would use if the corporation concerned were Japanese, French or Canadian. We have frequently called for the nationalization of specific corporations, of various nationalities, without singling out the capitalists of any nationality for prior attention.

In many cases of conflicts over "US domination," the class content is minimal, but the opportunity for intervention can still be found. Recently a broad range of citizens of Calgary, for example, campaigned successfully to block: the appointment of an American police chief. This campaign apparently reflected substantial antagonisms between Canadian citizens in Calgary, and the American community thought to have better jobs, higher incomes, etc. We do not regard such feelings as an expression . of class consciousness, but rather of nationalist confusion. We explain that there is unfortunately no reason to think that a Canadian-born police chief will be more tolerable than an American. We can however grasp hold of the progressive essence in this issue — the broad popular fear and distrust of police forces which are not subject to democratic control,

and raise slogans such as disarming of the police and popular election of the police commission.

30. The fate of the Canadian revolution, like all revolutions, will be decided in the framework of the world class struggle. In particular, the strength of the revolutionary forces in the United States, and the closeness of their ties with the Canadian left, will play a vital role in the Canadian revolution from its earliest stages. The present radicalization in the United States has been an inspiration to wide layers of Canadian radicals, providing them with examples for their struggle, and a broader perspective in which to judge the historical prospects of its outcome. A major function of nationalism in Canada today is to blind Canadians to the potential of the radicalization in the US, and to raise barriers to the alliance of Canadian and American workers. Canadian and American revolutionary socialists work to cut across such nationalist prejudices and deepen the ties of the left and the working class movement in Canada and the United States.

### **Conclusion**

31. The question of Canada-US relations and the influence of Canadian nationalism has confused and disoriented almost the entire Canadian left.

Before the revolutionary vanguard lie educational tasks of major proportions. A persistent and relentless campaign of educational propaganda must be carried to resist and turn back the influence of Canadian nationalism in the working class and left wing movements. Such a campaign entails clarifying the fact that the problems of the working class and other oppressed layers within Canadian society lie in the exploitative and oppressive nature of the capitalist system itself and that the overall direction of struggles now developing must be towards the overthrow of the imperialist Canadian bourgeois ruling class and its state.

The revolutionary vanguard must carry an educational campaign to explain and defend the growing nationalist movement of the oppressed Québécois nation, pointing to the English Canadian bourgeoisie and their imperialist state based in Ottawa as the real enemy of the Québécois and educating the working people of English Canada about the common interest they share with the Québécois in struggling against the Canadian state which defends profits and interests of the Canadian ruling class against the needs and rights of English workers.

Finally, the revolutionary vanguard must explain how the impact on Canada of the gathering crisis of world imperialism and the attacks on the living and working conditions of the working people that will flow inevitably from this crisis can be met only through a class struggle strategy — mass struggle around a program of democratic and transitional demands rooted in the objective needs of the working people and their allies and pointing towards the creation in Canada of a workers and farmers government.

It is not by supporting nationalism -- the ideology of the Canadian capitalist class - in any of its guises, but by building an independent political movement capable of wrenching the state out of the control of the capitalists and by creating new instruments of working class power that the working people of Canada can gain control of the vast productive mechanisms and the resources of this country. It is by expropriating the Canadian bourgeoisie and planning the economy to meet the needs of the vast majority that the crises of imperialism will be ended with all their destructive consequences for ordinary working people. The revolutionary vanguard must patiently explain that the only road forward for Canada is socialism - a socialist Canada in a United Socialist States of North America as part of a socialist world.

*(end of document)*